

Message Text

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PAGE 01 STATE 292184 TOSEC 310346

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C O N F I D E N T I A L STATE 292184 TOSEC 310346

EXDIS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: SENATOR PERCY'S REPRESENTATIONS ON OPEC PRICE
DECISION

FOR THE SECRETARY AND AMBASSADOR SCRANTON FROM THE
ACTING SECRETARY

1. SENATOR PERCY HAS ASKED THAT I PASS ON TO YOU THE
RESULTS OF HIS ACTIVE EFFORT OVER THE PAST WEEK IN CON-
VEYING TO THE AMBASSADORS OF OPEC STATES AND LEADING
CONSUMING COUNTRIES THE FIRM UNITY OF PRESIDENT-ELECT
CARTER AND CONGRESS WITH THE ADMINISTRATION'S CONCERNS
ABOUT THE ADVERSE EFFECT OF A FURTHER OIL PRICE INCREASE.
PRESIDENT-ELECT CARTER HAD AGREED TO PERCY'S INITIATIVE
FOLLOWING HIS MEETING WITH THE SENATE FOREIGN RELATIONS
COMMITTEE ON NOVEMBER 23. IN THE COURSE OF HIS APPROACHES
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PAGE 02 STATE 292184 TOSEC 310346

PERCY CHECKED WITH ME AND BILL SCRANTON FOR ADVICE ON AD-

DITIONAL CONTACTS.

2. IN THE MEMORANDUM REPORT (SENT TO US, THE PRESIDENT, PRESIDENT-ELECT, SIMON, LAKE AND JASINOWSKI) PERCY COMMENTS THAT ANY SIGNAL FROM CARTER ON MIDEAST PEACE INITIATIVES AND CIEC WILL STRENGTHEN THE MODERATES AT OPEC; THAT THE US STEEL PRICE INCREASE AT THIS TIME IS UNHELPFUL IN

RESTRAINING OPEC; AND THAT THE US IS IN A WEAK POSITION VIS-A-VIS OPEC WITHOUT A STRONG DOMESTIC ENERGY CONSERVATION PROGRAM.

3. HIGHLIGHTS OF RESULTS OF PERCY'S APPROACHES.

SAUDI ARABIA: ALIREZA WOULD TELEPHONE CARTER'S CONCERN TO PRINCE SAUD AND, IN ADDITION, COULD ASSURE THE PRESIDENT-ELECT THAT SAUDIS WOULD DO EVERYTHING IN THEIR POWER TO SEE THAT MODERATION PREVAILS.

IRAN: ZAHEDI WOULD TELEPHONE THE SHAH WITH CARTER'S MESSAGE OF CONCERN. THERE WILL BE A PRICE INCREASE BUT IRAN HOPES IT WILL BE MODERATE. ZAHEDI THOUGHT TEN PERCENT. LOSS OF PURCHASING POWER MUST BE RECOGNIZED. ZAHEDI WOULD LIKE TO DISCUSS FURTHER WITH PERCY THE LINK BETWEEN THE OPEC DECISION AND PROGRESS IN CIEC ON SUCH ISSUES AS INDEXING.

VENEZUELA: AMBASSADOR WOULD TRANSMIT THE CONCERN OF THE PRESIDENT-ELECT AND CAN ADVISE HIM THAT VENEZUELA WILL PROCEED ALONG MODERATE LINES AT OPEC MEETING.

KUWAIT: FAVORS SOME INCREASE, NOT LARGE. AMBASSADOR WOULD PASS ALONG PERCY'S INTERESTING COMMENTS.

UAE, NIGERIAN, LIBYAN, INDONESIAN, OMANI, QATARI, ALGERIAN AND ECUADORIAN DIPLOMATS ALSO PROMISED TO TRANSMIT PRESIDENT-ELECT'S CONCERNS. LIBYAN UN AMBASSADOR ASKED TO VISIT WITH PERCY TO DISCUSS US/LIBYA BILATERAL RELATIONS AND THEIR POSSIBLE EFFECT ON OPEC DECISION. INDONESIAN AMBASSADOR INVITED PERCY TO PURSUE PRICE
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PAGE 03 STATE 292184 TOSEC 310346

QUESTION WITH MINES MINISTER SADLI AT DINNER IN WASHINGTON
DECEMBER 6.

UK: RAMSBOTHAM NOTED THAT BRITAIN HAS ALSO RECEIVED ASSURANCES OF MODERATION AND HAS HAD GOOD TALKS WITH SAUDIS AND VENEZUELAN PRESIDENT BUT THAT WHAT THE SHAH CALLS MODERATE WOULD BE DISASTROUS. TEN PERCENT WOULD IMPOSE AN ENORMOUS BURDEN ON UK.

FRANCE: KOSCIUSKO-MORIZET WAS PLEASED TO LEARN OF THE UNITED US POSITION AND WOULD PERSONALLY APPRISE D'ESTAING ON DECEMBER 3 OF THIS IMPORTANT DEVELOPMENT IN MEETING THE GRAVE PROBLEM OF AN OIL PRICE INCREASE.

ITALY: GAJA WOULD IMMEDIATELY TRANSMIT PERCY'S MESSAGE TO THE EC HAGUE MEETING WHERE PRICE ISSUE IS ON AGENDA.

GERMAN AND JAPANESE AMBASSADORS INDICATED THEIR CONCERN OVER PRICE INCREASE AND EXPRESSED PLEASURE AT US EFFORTS AND INITIATIVE. ROBINSON

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